

The Monthly BUSINESS REVIEW

Covering business and industrial conditions in the Fourth Federal Reserve District

FEDERAL RESERVE BANK of CLEVELAND

D.C.Wills, Chairman of the Board

(COMPILED MAY 20, 1922)

VOL. 4

CLEVELAND, OHIO, JUNE 1, 1922

No. 6

NOT since the beginning of the economic readjustment period have the replies of our correspondents been of such a hopeful, healthful, and cheerful tone. Even the most conservative and guarded ones break through their shells of conservatism and speak as though relieved of a heavy burden. By this we do not wish to be interpreted that we are entering an industrial millennium. What we do wish to say is that we are more firm than ever in the belief that business is entering a safe, sane, and constructive return to so-called normal. Doubtless there are those of our readers who, because they have not yet been permitted to see the vision, will think us unduly optimistic, but we do not have our thought on just one particular business—rather we are in the center of the industrial circle looking impartially in all directions toward the rim.

To support our contentions we are quoting below from a few of this month's reports:

The president of a large glass company of Pittsburgh says, "I have just returned from a tour of inspection of our factories which has taken me into several sections of our country. I was impressed not only with the actual improvement in business but with the most optimistic expressions of sentiment that I have heard for the past two years."

The president of a large Kentucky bank writes: "While there is no boom in business here, at the same time there is a steady, constant increase in volume which induces a feeling of happiness and contentment, and brings about a certain psychological condition of mind which is the full partner of confidence."

A well known business man of Cleveland says, "If it were not that I would appear unduly optimistic, I think the tone of my letter this month would be so different from those of the last eighteen months that you would think I had been indulging in some kind of forbidden fruit."

A vice president of a large Toledo bank remarks, "General business conditions have improved quite decidedly during the past month. So much so that some think the improvement is only temporary and cannot possibly hold up."

What are the causes for expressions such as those just quoted? To name only a few of many we find:

That, the Akron rubber plants are producing 85,000 tires daily. (110,000 was the peak in 1920).

That, in Akron 72,000 men were needed to turn out the tires produced before the depression. Today 77 per cent of this former production is being turned out with 27,000 men.

That, the labor turnover for March, 1922 as reported by 80 Cleveland firms, showing a payroll of 11,459 employees, was but 6.65 per cent.

That, as compiled by *Finance and Industry*, eleven big electric companies report a heavier demand. The consumption of kilowatt hours is now being regarded as a most accurate and sensitive index of business conditions. The compilation shows that in April there was a weekly average of 42,200,000 kilowatt hours, this being only 400,000 under the peak production of October, 1920.

That, the month of April broke all previous records for the amount of construction started, according to the F. W. Dodge Company.

That, steel operations today are around 80 to 85 per cent of workable ingot production.

That, the agricultural outlook is most favorable. A joint estimate of the United States and Ohio Departments of Agriculture is that the wheat crop of Ohio will be 13,200,000 bushels greater than last year.

That, one of the world's largest paint companies reports an increased gallonage production of over 35 per cent in its house paint above the figures of 1920, and over 30 per cent above the gallonage of 1921.

That, one of the largest manufacturers of motor trucks reports orders for April exceeded those of April last year by 50 per cent.

ON PAGE 11 APPEARS A STORY OF THE ACCOUNTING DEPARTMENT OF OUR BANK.

That, there has been an increase in the Fourth Federal Reserve District in savings deposits of over $4\frac{1}{2}$ millions, and a like increase in commercial deposits, or a total of nearly 10 million dollars. This is the combined report of 85 selected member banks for the past 30 days ending May 10.

And thus we might continue.

In reply to the question "What is your opinion with respect to the present situation of the extra manufacturing construction and other production facilities that took place during the war?", our correspondents gave some very interesting replies.

One correspondent said, "It is my opinion that this extra construction and additional production facilities have no more than offset the production lost through the inefficiency of labor at that time." Another replied along a very similar line—"With a 25 per cent decrease in the number of employees, we have increased our production nearly 20 per cent. This merely convinces us that our war-time constructions would have been absolutely unnecessary with average efficiency among our help."

In the proper interpretation of these statements certain elements must be taken into consideration. The inefficiency did not entirely exist because of a "let down" on the part of the individual. Many of those skilled in their work entered service, and their places had to be filled by those less skilled.

The quotations here used indicate that there also existed inefficiency on the part of management. Both of these are now being corrected.

Another correspondent writes, "I think the extra manufacturing construction and production facilities that occurred during the war have been absorbed or are being used in some way to the extent of from 50 to $66\frac{2}{3}$ per cent. In many cases they have been used in a much different way than was anticipated."

This reply leads directly to another which cites some of the unusual ways in which this additional capacity is being diverted. One large copper company is now putting on the market a pure copper shingle for residential roofing. The roofing material at 100 square feet is said to compare favorably in price to other standard roofing materials.

Another incident is that of a manufacturing plant which produces twines and cordage. This plant is developing a series of colored twines, together with complete instructions for weaving them into floor coverings. Some rubber companies are said to be developing a type of slab rubber as a sidewalk material to replace concrete. A machine tool manufacturer converted his plant into the preparation of weeds for decorative purposes. As necessity is the mother of invention, so is conversion of industrial "war babies" the necessity of solvency. And every day is bringing new and unusual methods of converting war-time expansion into productive channels.

No Particular Change in Banking Situation; Loans Continue to Decline; No Improvement in Acceptance Market

The gradual decline in the loans to country banks, in evidence for several months, has continued with no great amount of fluctuation up to May 19. During the month ending May 19 loans to country banks showed a decrease of about \$800,000. The first few days of the month brought an increase of slightly more than one-half million dollars, after which there was a steady decline until May 15 when total loans were approximately \$1,000,000 less than on April 20. Since the 15th of the month there has been a slight increase.

City bank borrowings have shown a greater reduction. From April 20 to May 19 the net decrease was about \$10,000,000, and at no time during the month did the loans go back to the April 20 point. On May 5, which was the high point of city bank borrowings for the month, the decrease in loans since April 20 amounted to about \$5,000,000. On May 4, the low point for the month, loans were approximately \$14,000,000 less than on April 28. Since May 4 there has been a gradual increase of about \$4,000,000.

From April 20 to May 20 there was an increase of .3 per cent in the reserve ratio of the Federal Reserve

System. The System's reserve ratio on April 20 was 7.77 per cent and on May 20, 78 per cent. During the same period there was a decrease in the reserve ratio of the Federal Reserve Bank of Cleveland of 3.8 per cent. On April 20 it stood at 76.3 and on May 20, 72.5.

There has been no particular change of conditions in the acceptance market since last month at which time the market was at a very low ebb and both the supply and the demand were weak. The supply of bills in this District still remains very low with no improvement in the demand for acceptances on account of the low rate. The 30, 60, and 90 day bills were the maturities most desired when bills were sold.

In the latter part of April the open market rate declined from $3\frac{1}{2}$ to $3\frac{1}{8}$ - $3\frac{3}{4}$ per cent. The bills offered in this market were based on the transactions in goods according to the following schedule in the order of importance:

Storage of wheat and oats	Storage of tires
Imports of coffee	Storage of fabrics
Exports of paints	Storage of prunes
Storage of corn	Storage of knit goods
Storage of steel products	Storage of hard wood lumber
Storage of window glass	Import of woolen rags
	Storage of steel

Position of Iron and Steel Industry Better Than Last Month; Railroad, Building, and Automobile Industries Heaviest Buyers; Prices Buoyant

After having been held under check for some weeks by uncertainty over the future fuel situation due to

the coal strike, iron and steel production again is moving forward more vigorously.

This development arises from the fact that a more complacent attitude is entertained toward possible fuel shortages and especially because of the rising pressure of demand upon the mills and furnaces. The active buying of the past two months has imposed upon producers a heavy volume of obligations, and as orders have been steadily in excess of shipments, the aggregate of unfilled business has continued to enlarge. The result has been that deliveries have been falling back and in some lines now are a matter of six to ten weeks behind. Consequently the steelmakers especially are more concerned at present in meeting the more insistent call from consumers for material against former orders than in booking new business though the volume of the latter remains large. More capacity is being put on just as fast as the circumstances will permit and operations today are around 80 to 85 per cent of workable ingot production.

Since the first of May about a dozen additional blast furnaces have resumed and more are slated to follow. This foreshadows another substantial advance in pig iron production in May over the 2,070,238 tons in April shown by the statistics compiled by *The Iron Trade Review*. The April output was only slightly heavier in total than that of March, or by approximately 35,000 tons, this being due to the halting effects of the coal strike and the shorter month. The April daily average was 69,008 tons, as compared with 65,674 tons in March. Furnaces in blast at the end of April were 161, a gain of 6 over the corresponding date the previous month. Steel ingot production in April showed a rate of increase over March of about 300,000 tons monthly. On a yearly basis, it was at the rate of 36,040,000 tons compared with a yearly rate of 32,430,000 tons in March. The April rate was equivalent to 82.6 per cent of the high record ingot output of the country in 1917.

Lake Shipments of Ore Continuing at Fair Rate; Shippers Await Action on Rail Rates; Grain Movement Slowing Up

More furnaces have been added to the active list, and while there is a much better feeling all around, the ore movement is slow in getting started due to the coal strike. A large number of vessels that are operated by ore shippers are still in port and the bulk of the ore that has been moved was loaded by a few shippers. Early cargoes were wanted by a number of plants for mixtures but the movement up to June 1 will be very light. The mines in the Lake Superior district only set forward 136,161 tons of ore in April, which was a decrease of 40,050 compared with April, 1921, when 176,211 tons were brought down and the total for the season was the lowest since 1904.

The general opinion is that shipments for the season will show a big increase over 1921 and late estimates place the movement between 45,000,000 and 50,000,000 tons. If the top figure is reached with shipments small up to June 1, the fleet should be kept fairly busy for the remainder of the season. Ore has been going forward from the Lake Erie docks to the furnaces at a fairly good rate and shipments for April were 674,126

Conspicuous in the activity of the market has been the heavy buying by the railroad, building, and automobile industries. In the first four months of the year, the railroads placed a total of over 70,000 cars as against a total of but 28,000 in all of 1921. The orders of this character have continued heavy in May. Awards of building steel have been running around the full capacity of the fabricating shops of the country. Such contracts in the general New York district this year to date total 160,000 tons, or about 50,000 tons above the average for a corresponding period over the past 10 years. Various lines of miscellaneous manufacturing have expanded considerably as measured by their demands for steel and the improvement is continuing.

At times recently the iron and steel market has exhibited signs of feverishness which has caused influential producers to take a firm stand against rapid price advances at this time in the interest of preserving a sound, developing situation. Conditions appear more settled in this respect than a few weeks ago. The increasing pressure of demand, however, has operated to raise the market all around and in some lines premium prices for early delivery have been appearing.

Pig iron has continued to experience a broad market reflecting the increased melt of the foundry industry throughout the country as well as that of the steelworks. During the past month iron prices have risen from \$2 to \$5 per ton and are still buoyant. Steel-making iron especially has been strong, basic having reached a level of \$25 per ton in the Mahoning Valley.

The advance of the market is clearly reflected by *The Iron Trade Review* composite of 14 iron and steel products. At mid-May this stood at \$36.60, a gain of \$1.85 in the past month and of \$3.72 from the low point late in March. In May, 1913, the composite stood at \$27.34.

tons. The movement for March was 410,627 tons and in April, 1921 the docks only sent forward 282,371 tons. Stocks of ore at the lake front and the furnace yards are smaller than they were a year ago. On May 1 the docks were holding 6,988,878 tons of ore and on the same date last year stocks were 8,093,854 tons.

The coal trade is not taking care of much tonnage and little change is expected until work at the mines in the union fields is resumed. For the season up to May 8 the docks dumped 1,095,523 tons of coal but a large number of cargoes were unloaded at this end of the route and shipments to the upper lake ports were light. A number of coal carriers have been trading between Toledo, Sandusky, and Buffalo since the opening, and some coal was unloaded at Lorain and Toledo. The early grain movement was rather heavy but it is slowing up.

Contracts for three 600-foot steamers have been booked. One of the boats will come out late this season and the other two are for 1923 delivery.

Manufacturing Conditions Show Steady Gain; Additional Production Units Employed

Manufacturing in general continues to show the improvement of the last two or three months. The upward trend has not been spectacular, but has proceeded along more normal lines. The seasonal demand is quite evident, particularly in the automobile and paint industries, but this seasonal fluctuation is not sufficient to obscure the fundamental improvement taking place.

Increased production is evidenced by the consistent gains in the number of men employed as reported to us by our correspondents. With stocks conceded as being quite low in most lines, increases in demand will effect, it is believed, greater increases in production. Gradually additional units of production are being put to work. Unsatisfactory conditions still exist in some lines, but are gradually being remedied. Our correspondents are almost without exception highly optimistic, and they are convinced that much better things lie directly ahead.

Automobile manufacturing has come back in a way not anticipated by even the most enthusiastic observers of the situation. Completed records are not yet available, but it is quite possible that automobile production in April was equal to, if not above, production in any corresponding month of the industry. It is now clear that the total production for the year will be largely in excess of that for last year.

This expansion includes both trucks and passenger cars, with the companies building the more popular priced passenger cars reporting the greatest increase in demand. Inventories, however, both of parts and finished materials are being kept at a minimum, due to a continuation of the policy of buying basic materials for immediate delivery.

The truck business shows a decided improvement of April over March. Orders are increasing in volume, and the producers are confident that this increased demand will continue.

While the paint business was not affected as adversely as many other lines, it continues to show a constant improvement. Dealers were discouraged over the unusually bad weather conditions of the early spring, but the improvement which has just set in seems indicative of a brisk demand for the entire summer. Orders are now being received from so diversified a list of customers as to reflect a healthful improvement going on elsewhere.

The activity in building construction is making itself felt very markedly in the paint industry. In addition there is a vast amount of repainting work to be done which was left over from the years of higher

prices. Prices are now within the reach of the average purchaser, and particularly on house paints are about 30 to 35 per cent below last year.

Conditions in the machine tool industry have improved. Metal work in general shows substantial improvement. The machine tool industry is in close touch with automobile production, and the remarkable come-back of the automobile industry has resulted in the renewed activity in the manufacture of machine tools. A steady improvement has been noticed during the last three months, and the prospects for June are quite good.

There has been a considerable increase in the demand for electrical goods since our last report with most activity in the demand for underground cables. Normally this is the active season for this particular branch of the business. The year so far is considerably better than last.

Business in the cork industry continues at a good rate. The demand for cork insulation is very active and the prices are extremely low, due to the keen competition. The demand for linoleum is also quite active.

The hardware business is reported very much better, and this is true of almost every line. There is more activity in the business than has been experienced for over a year. The increase in automobile production as well as the increased buying power of the farmer are both making themselves felt in an increased demand. The present indications are that sales will double those of last year.

In the chinaware business the Japanese and Central European competition is becoming very keen and prices are being cut rather extensively.

There are no new developments in the plate glass business. The companies are operating at about normal capacity. The stocks are light, but increased demands are anticipated because of the larger building operations and the pick-up in automobile and furniture manufacturing.

Shoe manufacturing in this District is less active than in other sections of the country. Plants can supply all the demand without approaching full operation. Practically all the new business secured has been in the novelty lines.

Improvement in automobile manufacturing has brought about a decided improvement in the axle business. The number of employes in one concern is reported as having doubled since April 1.

Oil Buying Shows Distinct Advance; Prices Stiffen; Farmers Buy Kerosene For Tractors

April was the first month in which the sale of refined products began to give an indication of what might be expected during the summer. Since the close of the National Petroleum Marketers' Convention at Kansas City on April 7, buying has been steadily

increasing and prices have been advancing in sympathy with increasing demand.

Increasing demand and stiffening prices have been more pronounced in the case of gasoline than with any other product because the increasing use of automo-

biles, with the advancing warm weather, ran up the retail sales of jobbers over the country.

It was early apparent to the jobbers that although gasoline was piling up in storage to a total exceeding that of former years, this did not mean anything in the way of assuring supplies for them. The big companies following the signs of the times in the trend of the market had early worked out data showing them that the summer would bring an unprecedented demand for gasoline. Acting on this theory they have been strongly in the market all winter for crude, especially low priced crude, from which with their cracking systems they can extract more gasoline than the less completely equipped refinery. For months they have been running their gasoline to storage for the most part, awaiting better prices which they expect this summer.

However, all of these companies operate their own retail sales agencies, bulk stations, and filling stations, and it is to supply these retail outlets that they have been storing their gasoline. Practically none of this motor fuel is available to the small independent jobber.

The jobber, for the most part, has to depend for his supply of gasoline on the independent refineries, most of which are skimming plants whose operating methods are not very strong. Many of these plants have been shut down for months because they could not operate under the difficulties confronting them when the market for refined products was dull, and the big purchasing companies were bidding for the producers' crude.

The independent jobber, too, mindful that crude production was constantly increasing the gap between production and consumption, expected a decline in the posted price of crude, and for that reason held off buying as long as he could.

When motoring weather came and the roads in the country districts dried up, the jobber came into the market heavily. With the small amount of free gasoline there was available, the strong demand ran up the price. At the same time conditions of supply and demand caused the dominant marketing companies over the country to advance the tankwagon and retail price of gasoline in sympathy with the prices inde-

pendent refiners were getting for their motor fuel. It is the opinion of the *National Petroleum News* that if the big companies had not advanced the tankwagon prices which has brought about the talk of a congressional investigation, the small independent jobbers would in many cases have been forced out of business through inability to operate on the margin between the price they had to pay for the gasoline and the price at which they had to retail it.

One remarkable feature of the trading in April was the unusual strengthening of prices of kerosene. This product had been in slack demand all through the winter when the market is usually good and did not begin to stiffen until what is usually the off-season began.

National Petroleum News finds that this condition is chiefly due to the fact that the farmer despite earlier fears to the contrary is using his tractor in the spring plowing and is buying kerosene instead of gasoline to run it.

The viscous neutral oils, which are the main ingredients of motor oil, maintained an ascending price scale through April in sympathy with gasoline.

Cylinder oils, principally used in lubricating steam and gas engines and largely dependent on general industrial prosperity for a good market, improved in tone very slowly but steadily.

The fact that despite the coal strike, the price of fuel oil has not risen unreasonably, speaks well for the determination of the oil industry to hold prices within bounds. The unexpected strike of the non-union miners in the Connellsville regions early threatened the coke supply for the steel industry and caused mills to turn to oil wherever possible to conserve the coal supply for coking. In spite of this, however, the price has advanced very moderately.

The Executive Committee of the Western Petroleum Refiners Association held a meeting recently in Kansas City to figure out means of stabilizing prices of fuel oil and of selling the consumer over long periods on a basis that would be fair and satisfactory both to consumer and seller.

The present finds gasoline and all petroleum products steadily strengthening in demand and price.

Canning Season Opening With Prospects Good for Average Pack; Retailers Moving 1921 Pack Off Shelves

From the canner's viewpoint, all items of canned vegetables continue in good demand, at satisfactory prices, except corn. This item is weak, not because there is an over-supply, but because the visible stock is in the hands of canners who desire to clean up their holdings before the new season comes on.

Looking at the canning situation from the wholesale end, conditions during the past 30 days have not been as good as the month before. There is the tendency on the part of the retail grocer to clean out all

stocks of the 1921 pack of canned goods before the arrival of the 1922 pack, some lines of which are now arriving. The outlook for the 1922 canning season is very good, inasmuch as future sales are starting out heavy. The canneries are now commencing their packs which usually continue until October.

The acreage for the growing of this year's canned products will not be in excess of normal, but will be sufficient to take care of the usual demands.

Manufacturers of tin cans report that the packing industry is now demanding shipments of their con-

tainers for the packing of peas, and all indications point to a normal pack. The demand for tin containers in other lines is very satisfactory, and the fact that

in most instances these demands are by wire urging delivery, would indicate that the containers are for immediate use.

Early Prospect for Grains Very Good; Hay Crop Heavy; Tobacco Situation Especially Good; Fruit Crop Believed Nearly Normal

In the survey of conditions made in the state by the Ohio Division of Markets of the State Department of Agriculture, with the cooperation of the Federal Bureau of Marketing Reporting, several very important and encouraging facts were learned. One is the realization on the part of the business man in the city, that the farmer is no less a man of business, than he, and is facing the same problems of overhead, cost of production, profit and loss and the other problems which present themselves to those in every line of trade. This same realization has come to the agriculturist and the result has been beneficial. He is seeking a solution to difficulties through better marketing facilities, studying the question of transportation rates and learning the advantages of cooperative associations, just as his city neighbor learned long ago. The natural and helpful result of these things has been to bring about a better understanding between the business man of the city and the business man on the farm, a conclusion which must prove of benefit to both.

One of our Kentucky correspondents writes, "I am a close observer of agricultural conditions and I can truthfully say that I have never seen so much land cultivated and so well and intensively cultivated as is being done in this section at this time. The farmers are buying cattle for fattening purposes, hogs are plentiful and in good demand, sheep are showing a profit, and from the angle, as regards agriculture, the outlook is hopeful."

On May 15 only 10 per cent of Ohio corn crop was planted. Under ordinary conditions with favorable weather, almost this much corn is planted in the month of April. A few days of good weather, however, would see a large part of the corn in the ground.

The condition of oats averages 75 per cent over this state.

The condition of rye in Ohio is placed at 92 per cent. The acreage to be harvested is estimated at 97 per cent of last year.

Estimated from a May 1 condition of 89 per cent, the wheat crop for Ohio this year should amount to 41,500,000 bushels, according to the United States and Ohio Departments of Agriculture. The crop is by no means assured as yet but everything that can be foreseen at present, points to a crop of about 13,200,000 bushels larger than last year.

Reports indicate an acreage for hay practically the same as last year, but fields intended for corn may be left for hay and the acreage increased in this way. The condition of hay is estimated at 93

per cent which shows excellent prospects for the crop. Eleven per cent of last year's crop of hay still remains on farms.

Clover sown from seed this spring is in good condition.

Pasture is very good this spring with an estimated condition of 93 per cent.

The tobacco situation in the Burley section is especially good at the present time. The Burley Tobacco Growers' Co-operative Association has re-dried and placed in storage that portion of the 1921 crop which it did not sell in loose leaf form. An advance was made to the growers at the time they delivered their tobacco to the Association and a second payment is due the latter part of May.

Reports from western Kentucky indicate that the dark tobacco growers' association movement is spreading rapidly and that a considerable proportion of the crop has already been signed up. This association covers the various dark tobacco types, both the dark fire cured and the air cured tobaccos. It is based on obtaining a sign-up of at least two-thirds of the tobacco growers and it is expected that this proportion will be obtained during the time limit set, so that the 1922 crop will be handled by the association.

The cold weather has caused considerable damage to fruit in Ohio. Taking into consideration, however, the immensely heavy bloom on all varieties of fruits over the entire state, the freeze amounted to simply a more or less vigorous thinning. The Chief of the Division of Plant Industry of the Ohio State Department of Agriculture, concludes that Ohio will have a nearly normal crop of most kinds of fruit.

This is one year, the report continues, in which it is not safe to base a prediction as to a probable crop on the percentage of fruit buds killed. The excessively heavy set of buds will allow of a 50 to 60 per cent killing and still leave an abundance for a heavy crop of fruit, provided of course, the surviving buds are fairly well distributed over the trees.

The total value of all crops in the United States in 1921 is estimated at \$7,028,000,000. In 1920 this value was placed at \$10,909,000,000, and in 1919 at \$15,423,000,000. The decrease in the 1921 figures clearly indicates the drop in prices of farm products during the past two years.

The total value of animal products declined from \$8,361,000,000 in 1919, to \$7,354,000,000 in 1920, and to \$5,339,000,000 in 1921. A comparison of the decline in crops and animal products shows that crop prices started on their downward course first.

Slight Gain in Coal Output; Lighter Demand on Consumers' Stocks

Production of soft coal, which for the past two or three weeks has been close to the four-million-ton mark, has begun to increase. According to the latest report of the Geological Survey early returns for the week ending May 13, the sixth week of the strike, indicate an output of nearly four and one-half million tons.

As compared with the week ending March 25, which was the high point in production in a little over a year, this represents a decrease of over 50 per cent in the output of bituminous coal. In the corresponding week of the 1919 strike the total coal production was 7,259,000 tons. This included a little over 2,000,000 tons of anthracite. On the basis of these figures the output of all coal is therefore some 3,000,000 tons a week short of the 1919 strike period, but the production of bituminous coal is less than 1,000,000 tons behind that schedule.

The recent increase in production has been general in those districts not affected by the strike, and it is due less to a resumption of work at mines hither-

to closed by the strike than to an increase of activity caused by quickening demand in those fields. The feeling is prevalent, moreover, that production has not yet reached the limit set by the capacity of those mines not affected by the strike order.

The inroad upon consumers' stocks of coal is smaller as a result of the increase in shipments from the mines. Since the estimated weekly consumption of coal is slightly above 8,000,000 tons, the amount withdrawn from storage is still at least three and a half million tons a week. The accumulation of unbilled cars of coal at the mines has as a result been reduced below the pre-strike level. No acute coal shortage has developed as yet, which is partially due to the ability of the non-union mines to meet a limited demand.

The Survey reports no change in the anthracite region where production practically ceased after April 1. A few cars of steam sizes dredged from the rivers continue to be produced, but the total output does not exceed 6,000 tons a week.

Large Decrease in Value of Building Permits; Increasing Cost of Labor and Materials Apt to Cause Reaction in Building Construction

The outstanding feature of building operations, as indicated by the tabulation which is printed at the close of this Review, is the decrease in valuation of permits issued. A study of the table shows this large decrease largely accounted for in the Cleveland figures. While the month of March shows a minus \$1,742,803, April shows a minus \$3,527,058. This period falls during that of the labor strike.

The present demand seems to be toward residential

building, although in the trade there is a feeling that this demand will not be sustained. This is due to increased labor demands and the small decrease in cost of building materials which is reported as being only 3 per cent from September 1, 1921 to May 1, 1922. Because of these causes, much anxiety is felt over the numbers of shoddy buildings which are being erected. Such a condition will naturally react later in rapid disintegration and a subsequent falling in values.

Textile Industry Still Holds Confidence; Fancy Knit Goods Fitful; Knit Underwear Situation Favorable

In the textile industry the tone is a little more optimistic than it has been. Retail business for the week preceding Easter was very satisfactory with the exception of those centers where strikes are affecting trade. Many retailers report the biggest Easter week in years and, generally speaking, the month of April was up to or ahead of a year ago. This was followed by a reaction as was to be expected, but buying seems to be improving though by a small margin.

The general demand seems to be for fancy and sports goods. Until two weeks ago, the demand had been particularly for sport goods and young men's clothing. The last two weeks have shown a slight increase in the demand for staple goods.

Advance orders for fall reflect a similar situation. Good business is being booked in overcoats and young men's clothes, the men's and staple end of the line not producing a normal amount of business. This may also reflect the condition of retailers' stocks. It is too early, however, to give any complete estimate of the fall season.

It would seem reasonable to conclude that with

re-employment continuing and an average crop sold at present prices stimulating the farmers' buying, a good fall season is ahead.

Reports from manufacturers of fancy knit goods still tell of rather fitful activity. There was a gradual falling off in demand from December to April. During April the factories were fairly busy for spring delivery but since the first of May the demand has again fallen off.

The jobbers and retailers apparently have little stock on hand for fall trade. The manufacturers are therefore anticipating a rush of orders starting about July.

The latest development in the knit underwear situation is a rise in the price of raw materials, due particularly to the increased demand for wool and to an advance in the price of cotton.

Reports from jobbers do not indicate an encouraging advance sale. In fact, there are some cancellations. In all cases the orders are very conservative and substantially below the quantities purchased a year ago.

Farm Implement Industry Slow; Favorable Crop Reports and Increased Prices for Agricultural Products add Encouragement to Manufacturers

Due to the increased purchasing power of the farmer, the manufacture of farming implements has necessarily been greatly reduced. The production during the last eighteen months is reported as having been less than 50 per cent of what it was during the same period preceding it.

One large manufacturer of small agricultural implements states that during the last twelve months production output has been only about 25 per cent of the average for the past ten years. This, he states, is on account of beginning this period with so large a supply of material and partly finished goods. He further goes on to say that both hardware dealers and farmers have purchased so very carefully that their stocks have been reduced, as nearly as he can ascertain, to a smaller quantity of tools than during any period of thirty years past. He is, therefore, anticipating at least an average demand for the coming season, which begins in July. Manufacturers of these products recognize the more hopeful feeling among

the farmers, particularly of the west, and are not discouraged.

In the manufacturing of the heavy agricultural implements such as tractors, and threshers, the industry is operating around 35 per cent of what might be termed normal. Here again the farmer is the consumer, and he will not be a buyer on a liberal basis until he can make a commodity exchange on an approximate even basis. The improved prices of farm products during the past few months have been encouraging, but last fall crops had to be sold at the low prices, so in reality the farmer has received little except encouragement due to the advances. If this fall's crops are good and prices are good as compared to other commodities, so the farmer can deal on a parity, then conditions in the farm implement industry will rapidly improve. The late fall months will tell the story for the farmer and for the maker of agricultural machinery.

Rubber Industry Reported as Back to Normal

Another distinct improvement has been noted in the rubber situation during the past thirty days, and the industry is now reported to be back to normal. Akron alone is producing more than 80,000 tires daily, while large manufacturers in other parts of the country say that it is impossible to turn out tires fast enough to meet the demand. Quite a number of factories are running 24 hours a day and others are running 16 and 18 hours.

Good weather in many sections of the country has brought out the pleasure car and this is causing a demand for replacement. In addition to this, the improvement in business throughout the country is forcing more mileage upon the business vehicle using rubber tires, thereby creating a demand for replace-

ment of tires in different lines including solids, pneumatics and pleasure car equipment.

Agricultural sections are in better shape and within the past thirty days dealers who have not sold a carload of tires in eight or nine months, have disposed of a carload in less than a month.

India Rubber Review says: "It is significant that the impetus given the industry by the heavy demand for tires is being felt all along the line and especially by those who furnish materials, equipment, cores, molds, and machinery."

Within the past two weeks rubber concerns in Akron have been advertising for men. Apparently there is no need for common labor but the demand is for skilled workmen.

THIRTEEN MONTHS' PRODUCTION FIGURES

Inventory, Production and Shipments (domestic) of Pneumatic Casings, Tubes and Solid Tires, as Reported by The Rubber Association of America

"Production" and "Shipments" figures cover the entire month for which each report is made. "Inventory" is reported as of the last day of each month.

"Inventory" includes tires and tubes constituting domestic stock in factory and in transit to, or at, warehouses, branches (if any), or in possession of dealers on consignment basis, and as a total represents all tires and tubes still owned by manufacturers as a domestic stock.

"Shipments" includes only stock forwarded to a purchaser and does not include stock forwarded to a warehouse, branch, or on a consignment basis, or abroad.

PNEUMATIC CASINGS

No. Mfrs.

Month	Reporting	Inventory	Production	Shipments
February, 1921	45	5,193,018	819,892	1,073,756

INNER TUBES

No. Mfrs.

Month	Reporting	Inventory	Production	Shipments
February, 1921	46	5,415,464	916,627	1,129,881

March, 1921	46	4,597,103	1,163,314	1,614,651
April, 1921	49	4,527,445	1,651,418	1,785,951
May, 1921	59	4,451,668	2,100,917	2,085,882
June, 1921	63	4,154,456	2,313,265	2,643,850
July, 1921	63	3,892,037	2,570,524	2,757,581
August, 1921	66	3,934,853	3,043,187	2,894,442
September, 1921	63	3,340,798	1,929,268	2,047,929
October, 1921	64	3,545,030	1,928,271	1,675,169
November, 1921	64	3,908,342	1,756,555	1,342,519
December, 1921	64	3,696,519	1,839,738	1,980,264
January, 1922	66	4,174,216	2,055,134	1,596,806
February, 1922	66	4,691,329	2,084,308	1,562,365

March, 1921	48	5,044,861	1,346,483	1,643,690	September, 1921...	11	161,832	37,441	50,276
April, 1921	51	4,916,772	1,762,122	1,983,571	October, 1921.....	10	163,299	46,274	45,911
May, 1921	57	4,751,880	2,210,040	2,342,567	November, 1921...	10	173,451	43,537	34,556
June, 1921	60	3,835,098	2,359,928	3,232,673	December, 1921....	10	168,515	40,478	39,520
July, 1921	61	3,122,815	3,020,981	3,603,248	January, 1922.....	11	181,769	40,224	33,294
August, 1921.....	64	3,649,319	4,430,152	3,804,060	February, 1922....	11	183,448	39,492	36,805
September, 1921...	62	3,827,830	3,274,822	2,645,758	INVENTORY OF CRUDE RUBBER IN THE UNITED STATES, DECEMBER 31, 1921				
October, 1921.....	64	4,732,016	2,843,918	2,016,371					
November, 1921...	63	5,203,568	2,126,211	1,540,299	LONG TONS				
December, 1921....	64	4,731,021	2,070,098	2,522,710	On Hand	Plantation	Para	All other	
January, 1922.....	66	5,246,647	2,343,393	1,889,724	Manufacturers	55,388	3,356	9,907	
February, 1922....	65	6,141,956	2,596,774	1,702,583	Importers and dealers.....	24,789	842	488	

SOLID TIRES

Month	No. Mfrs. Reporting	Inventory	Production	Shipments
February, 1921	12	304,374	23,365	29,599
March, 1921	12	283,800	28,710	43,926
April, 1921	12	269,985	28,859	42,080
May, 1921	12	264,663	35,156	40,122
June, 1921	11	240,336	28,395	49,867
July, 1921	11	220,003	35,123	55,678
August, 1921.....	11	216,367	55,694	66,866

LONG TONS			
On Hand	Plantation	Para	All other
Manufacturers	55,388	3,356	9,907
Importers and dealers.....	24,789	842	488
Total	80,177	4,198	10,395
Grand total—On Hand, 94,770			

LONG TONS			
Afloat	Plantation	Para	All other
Manufacturers	7,575	192	5
Importers and dealers	25,801	1,198	218
Total	33,376	1,390	223
Grand total—Afloat, 34,989			

Transportation Affected by Coal Strike; Decrease in Number of Unserviceable Cars

With the exception of the coal strike which is a disturbing factor in the transportation situation, traffic conditions are clearing. An evidence of this is seen in freight loadings. The number of cars of revenue freight loaded during the week of April 29 was 758,286 as compared with 721,084 for the corresponding week of last year. When comparison is made with the week of April 15, an increase of more than 50,000 cars is shown.

On April 15 there were 317,783 cars in bad order as against 320,083 on April 1. When comparison is made with the number of cars in need of repair at the first of the year when there were 313,190 cars out of commission, no particular change is seen. On February 28 the number of cars in bad order was 272,867 and on March 1, 334,628.

On April 30 there were 371,538 surplus cars fit for service, thus somewhat over 30 per cent of the total freight carrying equipment of the country is not being used. Of the surplus cars fit for service, 235,077 are coal carriers. On March 31 there were 72,566 cars of the same class in excess of requirements, so that a fair estimate would be that at least 160,000 of the existing surplus is due to the coal strike.

The following figures show the steady drop in the number of idle serviceable freight cars throughout the country since the first of the year up to the time of the coal strike, and the increase caused by the strike: December 31, 470,516; January 31, 330,681; February 28, 245,100; March 31, 206,746; April 30, 371,538.

Business in Women's Garment Industry Good; Apparel for Sport Wear in Demand

The fall season in the women's garment industry will start about June 1. Present reports of employment are not indicative as this is the between-season period in the industry. The salesmen have begun to show the first fall lines and the factories are completing production on the spring and summer wear.

Business at present, and during the season just closing, has been normal, taking the market as a whole. The number of pieces sold has been greater than during the same time last year, while the dollars and cents return has been slightly less, due to the decreased cost of women's garments. It has required greater selling effort not only to maintain volume production, but to bring adequate income for the maintenance of Cleveland factories.

The demand is for medium and better grade merchandise at low prices. The greatest quantity business has been done, this season, on medium priced merchandise. The vogue for sport wear will tend to increase the volume as the fabrics used for these garments are comparatively inexpensive.

In the coat houses the demand is for mannish materials and for pile fabrics; in the dress houses for linens, voiles, and eponges. The general feeling in the trade is that the increase in the price of woollens, announced by the mills to the manufacturers, will make lower prices for fall garments practically impossible. While the manufacturers are now placing their cloth orders for fall production, their stocks of piece goods are generally light.

Cold weather and a late spring slowed up the demand for wash dresses and proved somewhat depressing for the coat and suit houses.

Collections are still very difficult, although some houses report a slight improvement over a year ago. Certain firms, who are particularly careful about the credit rating of their accounts, report a 25 per cent improvement in collection.

The coal strike has not had a marked effect on the selling of Cleveland garments by the Cleveland manufacturers, most of them reporting a fair business in these sections where it prevails. New England, the south and the southwest have not been large consumers this spring, but good buying is reported in the northwest and through the Ohio and Mississippi valleys.

Greater continuity of employment and a general stabilizing of the industry in Cleveland is the aim of the wage decision just issued by the Board of Referees for the market, in which a 10 per cent wage decrease is made dependent upon the provision of forty-one weeks' work annually. The increase is optional and manufacturers can, if they prefer, continue on the present rate, paying into the employment guaranty fund $7\frac{3}{4}$ per cent of their direct labor pay roll each week, instead of the 25 per cent required by the new decision. If the manufacturer provides forty-one weeks' work, the amount deposited in the fund reverts to him at the end of the year; otherwise it is drawn on by the workers to the full extent of their minimum weekly wage during unemployment periods.

Demand For Common Brick Increasing; Unfavorable Weather Holds Up Paving Brick Shipments

With the advance of spring and summer, the brick industry has been given an impetus, and the steadily bettering conditions of the past few months are evidenced this month by the continuing upward movement in a number of specific ways.

Manufacturers of common brick, as a general rule, are coming into the present building season without large reserve stocks. Besides this, the eastern section of the country and a good part of the middle west are experiencing a big demand for common brick. This situation has caused the plants to run at very near full capacity. Such rapid strides cannot be credited to every section of the country, but the spring and summer activity everywhere is the basis for a general forward movement.

The general bad weather conditions of the past few weeks have served to affect the paving brick situation by slowing up shipments. The paving program of the various states is made out ahead, thus giving paving brick manufacturers a chance to plan their shipments accordingly, but the unfavorable weather has been a disturbing factor. However, there is a bright side to this situation and that lies in the fact that the work which cannot be performed now will have to be performed in the fall, thus continuing the employment of labor

sometime beyond first expectations.

Good methods of transportation have so rapidly become real and determining factors in our economic expansion that the road building programs through the country take on a new significance, and give an added angle to the paving brick industry. A thousand mile highway construction program to cost around \$30,000,000 is being undertaken in Ohio, and extraordinarily favorable reports from the south show as a basis a \$50,000,000 road building program taking place in North Carolina, while Tennessee hopes to pass a \$50,000,000 road building program as soon as her legislature convenes.

Finance and Industry says that the potentiality of the auto and its relation to good roads can best be shown by the traffic mileage created each year, and goes on to state that in Ohio the annual traffic mileage over the highways is 3,750,000,000 miles. This is a larger traffic mileage than that of any railroad of the country. More than 90 per cent of all production of Ohio is carried over the highways in a part, or all, of its distribution.

The present consumption of tile is exceeding production, and the latest development in the clay products industry is an increased demand for material.

The Story Of Our Accounting Department

It is not an uncommon thing to hear someone ask how it is possible to record the volume of transactions which occur in the Federal Reserve Bank of Cleveland and its branch offices each day. To anyone not familiar with the operation of the bank, it undoubtedly seems to be nearly an impossible task, but to those people who are in close touch with its inner workings, and especially those who have watched the growth of the bank since its opening, the accounting for these thousands of daily transactions is not a very difficult problem.

This is partially due to the fact that the accounting department, like all other operating units of the bank, has grown in a gradual manner to its present size and scope of activity. It is recalled that for some time after the opening of the bank in 1914 one clerk did all of the work in connection with the keeping of member bank reserve accounts.

A general bookkeeper and one assistant kept the general ledger, prepared the daily balance sheet, checked and paid all of the expense bills. They also maintained a record of expense accounts and prepared the reports of expenses. There was one proof sheet for the entire bank, which also served as a journal, except for the fact that no detailed description of transactions was shown on it. A day's file of entries, which were few in number, consisted almost entirely of money receipts or shipments, discount department transactions, a few drafts drawn on the reserve accounts of member banks and the usual entries in the control accounts. This condition existed until the beginning of the check collection operations several months later, when at that time, what seemed an enormous increase in business took place. The steady growth in the volume of checks received by the transit department or sent direct into other Federal Reserve districts by member banks and the volume of work in connection with the Liberty Loans had a decided effect upon the increase in the number of entries passing through the accounting department. It was necessary to employ more bookkeepers and statement clerks until within two years' time there were about ten people in the department.

When the two branch offices at Cincinnati and Pittsburgh, respectively, were opened for business, the work of the bank was again increased. In order to conform to the availability schedule of the collection system and also to centralize at Cleveland the records of transactions occurring in the three offices, without affecting the service to member banks, a very speedy and dependable inter-office accounting system was necessary.

In the latter part of 1919, due to the fact that the peak-load of work in connection with the War Loan activities had been passed, it was thought advisable to gather together all strictly bookkeeping operations in one department. This change included those units which already formed a part of an account-

ing department and a few others which during the past two years or more had grown to considerable size but were still attached to other departments. This organization which was accomplished, January, 1920, is practically the same as exists today.

The accounting department, as it is called, with fifty-five people on its staff consists of the book-keeping and expense divisions. The first mentioned group maintains the records necessary in connection with the reserve accounts of member banks, the accounts carried with non-member and other Federal Reserve banks, the account of the Treasurer of the United States, and the file records of deferred debit and credit items. There also are kept the capital stock accounts of member banks and the combined general or control accounts of the three offices of the bank.

The expense division, as its name implies, is the place where all expenses of the three offices are paid and appropriate records and reports are prepared. It is impossible in this article to describe the many details of the accounting function of the bank but it is desired, in a brief descriptive manner, to show how these important operations are conducted.

For the purpose of verifying the entries which pass between the several departments of the bank, there has been provided an inter-departmental proof system, mentioned earlier in this article. Entries for all transactions eventually find their way to the accounting department where the cash and books of the bank are balanced each night. It would be a difficult and lengthy task to check a difference which might exist at that time, so the responsibility is divided and placed in the hands of proof clerks. Before a bunch of entries leave the department in which they originate, they are handed to the proof clerk stationed there or nearby. His duty is to sort them according to destinations, list each group separately on a small sheet which he keeps at his desk, attach routing tickets to the various bunches of entries, record the total of each bunch on his proof sheet as a record against the department concerned and forward them to their destinations. When they arrive at the places for which they are intended, the total is proven by the receiving proof clerk in order to avoid the loss of any tickets enroute and also to verify the work of the originating department.

The majority of entries, of course, are intended for the accounting department and the volume received there is so large that in addition to the accounting proof there is an intra-department control and distribution section. The small sheets, just mentioned, are replaced by larger schedules upon which each entry is listed. These sheets are arranged according to the same alphabetical division of reserve accounts of member banks maintained, so that at the close of business each bookkeeper is charged with an individual total of both debits

and credits and each ledger is balanced independently. Of course, all entries received in the control and distribution section are not intended for the reserve accounts of member banks, but due to the fact that they are a much smaller volume such a detailed proof record is not necessary and they are routed direct from the accounting proof to the section for which they are intended, after proving the total and sorting them accordingly.

The entries received by the member accounts section are posted in the reserve accounts by the use of bookkeeping machines. Each bookkeeper, of whom there are six in number, accumulate all entries received during the day and after all of the work has been done they are turned over to the statement clerks who, on the following morning, post the same entries in the same manner on the daily statements. After these have been carefully balanced and verified by accounts against the ledgers they are released for mailing to the member banks. This is usually accomplished by three or four o'clock in the afternoon. A large part of the volume of the entries made in the accounts of member banks occurs incident to the collection transactions.

Although payment is received for the cash letters sent to non-member banks in form of a remittance instead of in the form of credit, as is the case with most member banks, an account is kept with each non-member bank. This work is done in long-hand by three bookkeepers and the balance due from each non-member bank, at all times, represents the total of the same number of cash letters sent to it as the number of days necessary to collect checks drawn on the place concerned. A close check is kept on both the cash letters sent both to member and non-member banks because it is important to know that each letter has arrived at its destination. It may seem strange to others that some of these letters are likely to be lost, but it is a common occurrence to learn that such is the case. In fact, a corps of clerks is kept busy investigating lost items and letters and charging them back to the endorers.

Of almost equal importance as the reserve accounts of member banks are the accounts maintained with other Federal Reserve banks. This is primarily due to the rapid growth in the volume of checks sent direct by member banks to Federal Reserve banks in other districts, a volume of non-cash collection items payable in other Federal Reserve districts and the number of wire transfers received. Due to the benefits derived by the member banks in reducing to the minimum the traveling time of checks, they have eagerly availed themselves of the direct sending function. Upon receipt of advice forms furnished to the members for the purpose of informing the bank of cash letters sent direct, appropriate entries are made after which they are filed in order of maturity until available, when they are credited in the reserve accounts of the banks concerned.

All of these items must, of course, be charged to

the appropriate Federal Reserve bank's account. After it is prepared, it is used for the purpose of comparing with it the detailed statements of credits received from each Federal Reserve bank. It is important to know that these thousands of cash letters arrive safely, that the amounts agree with those shown on the advices received from the member banks several days previous and that each letter consists of the kind of items of which the member bank said it consisted. A day's delay in the credit of several large cash letters in each Federal Reserve bank soon amounts to a considerable sum of float.

Because of the fact that all entries are not immediately available for debit or credit they are held in custody by the deferred section until they are available for final entry. This section also prepares many of the deferred entries. Deferred credit accounts for the member banks are kept in a manner very similar to the method of keeping reserve accounts. At the end of each month the deferred credits, which comprise the balance in each account, are listed, properly described on a statement which is mailed with the statement of the reserve account for the last day of the month. This provides each member bank with a periodical verification of their unavailable credits, in addition to the individual advices which have already been mailed to them.

The maintenance of the United States Treasurer's account is not a difficult task, although an important one. The transactions passing through the account represent deposits of local and out-of-town disbursing agents, internal revenue collectors, postmasters, and other Government agencies. Thousands of checks and warrants originating at various bureaus of the Treasury Department and Government coupons, bonds, and certificates are charged to this account. The Federal Reserve banks, in order to assist the United States Treasurer, sort and schedule these various items according to certain prescribed divisions. It is highly desirable that this work be done correctly, so that the daily transcript of this account and the supporting schedules can be immediately used as entries when they arrive in Washington.

According to the Federal Reserve Act, each member bank must invest in stock of the Federal Reserve bank of its district equal to 6 per cent of the total amount of its paid-up capital and surplus. Each increase or decrease in either of those accounts, of course, affects the amount of stock that a member bank owns and a record of these changes must necessarily be kept by the Federal Reserve bank. This work is done in the accounting department by carrying a capital stock account for each member bank. It not only shows the bank's own capital and surplus and the amount of stock it is entitled to own, but a complete record of certificates of stock issued at various times and the accrual and payment of semi-annual dividends.

It has been stated that nearly every transaction passing through the bank in some way affects the accounting department and in the same manner

each transaction in the accounting department affects one small but very important section, the general or control accounts. Individual items lose their identity in nearly all cases but they are each a part of some much larger total amount, which is either a debit or credit to a control account of the bank. As each department finishes a day's work its proof clerk, or in the case of several small departments the proof clerk serving a group of departments, checks the amounts on his sheet with each other proof with which there have been transactions during the day. When the amounts in which his departments are concerned have been verified, his proof sheet is certified correct and forwarded to the general accounts section. By this method, all of the nine proof sheets are usually received by the general bookkeeper early in the evening. Then a general proof sheet which has been in operation in the section during the day is finished from which, as soon as all departments have reported, cash can be balanced and the books closed for the day. Of course, the general accounts section receives entries during the entire day and it is only by posting these as they arrive that the work can be finished by nine or ten o'clock the same night. Before the night general bookkeeper leaves, all accounts are posted, balances extended and the daily balance sheet for that day prepared. The next morning the day bookkeeper sees to it that enough copies are made of the balance sheet so that it can be distributed to the Federal Reserve Board, officers, and certain department heads of the bank. A detailed account of over and short differences is also maintained by this section to the extent that a record is kept of when and how each difference is finally adjusted and cleared.

When the branch offices were opened at Cincinnati and Pittsburgh, it was decided to keep in the main office at Cleveland the book records of the transactions at those places and that plan is still in existence. Its operation avoids any duplication of actual bookkeeping and does in no way affect the possibility of performing all services that a member bank may desire at the branch offices. Transactions consist of two main divisions, immediate or deferred availability items. It is necessary to account for immediate debits or credits without delay of even one day and this is accomplished between the branches and main office by telegraphing all such entries. They are received at the main office and used exactly as if the transactions which they represent had occurred there.

Special forms are provided for this purpose and entries are actually placed in the books two or three hours after they are prepared at the branch offices. At the end of each day, there is telegraphed a transcript showing the total amount debited or credited in each account during that day, including both the immediate transactions already dispatched and those of a deferred nature. A copy of this telegram is forwarded to the main office by mail each night in a special pouch which also contains

copies of the individual entries exactly the same as those used at Cleveland for similar transactions. This provides detailed supporting data for each amount shown on the transcript. That business which has already been recorded is verified and filed, and that to be used at once or at a future time is filed with the same class of business already transacted at the main office.

It is evident that the work of the branches is blended into that of the main office after providing thorough checks along the way and enough description to identify the source of each transaction. This is done without affecting the centralization of records. In all cases an extra copy of tickets, cash letters and other data is maintained at the branches, so that they are provided with enough data for reference purposes. The daily telegraphic transcripts, after passing through the control section, are used by the general bookkeeper with the result that the daily balance sheet consists of a combined amount for the three offices in each account shown thereon, even to the itemization of cash.

The other division of the accounting department pays the expense bills of the three offices. A very complete procedure providing for the thorough scrutiny of each expense item has been arranged. It begins with the issuance of each order by the purchasing department, when an exact copy of the order with a copy of the departmental requisition attached is forwarded to the expense division. Before an invoice is paid, the receipt of the supply department for the goods ordered is obtained on another copy of the order which was forwarded to that department when it was issued. This provides the expense division with officially signed requisitions, orders, and receipts for the supplies. If the invoice agrees in amount with the purchase order, a voucher is prepared which is initialed by the various persons in the expense division through whose hands it passes. When each voucher has been verified it is turned over to the audit department with supporting documents where it is again carefully checked and approved for payment.

Then an expense check is issued and officially signed. The various documents supporting each payment are securely fastened together and recorded in a classified expense distribution account, as well as a departmental cost ledger. The classified expense and departmental cost records are kept posted to date and at the end of each month detailed reports are prepared from each record.

The same internal procedure is followed at the branch offices with regard to the ordering of supplies, but instead of issuing a check as final payment, an order-to-pay is prepared, which is forwarded with the supporting documents to the main office. After passing through the same verification and audit these bills are paid, similar records maintained and reports prepared.

Debits to Individual Accounts

(In Thousands of Dollars)

	Week End- ing May 10, 1922 (326 Banks)	Week End- ing Apr. 12, 1922 (326 Banks)	Increase or Amount	Decrease Per Cent	Week End- ing May 11, 1921 (274 Banks)	Increase or Amount	Decrease Per Cent
Akron.....	\$ 11,282	\$ 14,128	—\$ 2,846	—20.1	\$ 16,534	—\$ 5,252	—31.8
Butler, Pa. *	2,490	2,344	146	6.2	.....	.....	.....
Canton.....	7,352	9,102	— 1,750	—19.2	.....	.....	.....
Cincinnati.....	62,827	79,892	— 17,065	—21.4	56,392	6,435	11.4
Cleveland.....	104,465	146,025	— 41,560	—28.5	125,837	— 21,372	—17.0
Columbus.....	29,369	33,190	— 3,821	—11.5	25,469	3,900	15.3
Connellsville*	1,037	1,032	5	0.5	.....	.....	.....
Dayton.....	9,846	12,217	— 2,371	—19.4	11,955	— 2,109	—17.6
Erie.....	5,999	5,969	30	0.5	6,035	— 36	— 0.6
Greensburg.....	3,921	3,785	136	3.6	3,316	605	18.2
Homestead*	886	636	250	39.3	.....	.....	.....
Lexington.....	4,211	4,559	— 348	— 7.6	3,884	327	8.4
Lima*	2,966	3,614	— 648	—17.9	.....	.....	.....
Lorain*	996	1,302	— 306	—23.5	.....	.....	.....
New Brighton*	2,064	1,973	91	4.6	.....	.....	.....
Oil City.....	3,331	2,456	875	35.6	2,328	1,003	43.1
Pittsburgh.....	144,944	155,284	— 10,340	— 6.7	158,775	— 13,831	— 8.7
Springfield.....	3,724	4,738	— 1,014	—21.4	3,939	— 215	— 5.5
Toledo.....	33,518	37,119	— 3,601	— 9.7	26,813	6,705	25.0
Warren, O. *	1,896	1,954	— 58	— 3.0	.....	.....	.....
Wheeling.....	8,858	7,901	957	12.1	6,957	1,901	27.3
Youngstown.....	12,169	12,845	— 676	— 5.3	10,395	1,774	17.1
Zanesville*	2,233	2,979	— 746	—25.0	.....	.....	.....
Total.....	\$460,384	\$545,044	—\$84,660	—15.5	\$458,629	\$20,165	4.4

* Debits for corresponding period in 1921 not available

Comparative Statement of Selected Member Banks in Fourth District

(In Thousands of Dollars)

	May 10, 1922 (84 Banks)	Apr. 12, 1922 (85 Banks)	Inc.	Dec.
Loans and Discounts secured by U. S. Government obligations.....	33,962	39,404	.....	5,442
Loans and Discounts secured by other stocks and bonds..	328,915	326,722	2,193	.....
Loans and Discounts, all other.....	610,347	606,810	3,537	.....
U. S. Bonds.....	134,439	125,683	8,756	.....
U. S. Victory Notes.....	7,322	4,965	2,357	.....
U. S. Treasury Notes.....	25,678	24,446	1,232	.....
U. S. Certificates of Indebtedness.....	6,182	10,221	.....	4,039
Other Bonds, Stocks and Securities.....	272,839	272,436	403	.....
Total Loans, Discounts and Investments.....	1,419,694	1,410,687	9,007	.....
Reserve with Federal Reserve Bank.....	101,333	92,177	9,156	.....
Cash in Vault.....	27,393	27,510	.....	117
Net Demand Deposits.....	804,718	800,284	4,434	.....
Time Deposits.....	473,569	468,902	4,667	.....
Government Deposits.....	17,171	12,711	4,460	.....
Total Resources at date of this report.....	1,819,577	1,812,189	7,388	.....

Wholesale Trade**Percentage Increase (or Decrease) in Net Sales During April, 1922
as Compared with March, 1922 and April, 1921**

	Dry Goods	Groceries	Hardware	Drugs
Net Sales (selling price) during April, 1922, compared with March, 1922.....	—14.7	—12.7	0.9	—17.1
Net Sales (selling price) during April, 1922, compared with April, 1921.....	—19.7	—17.8	—13.0	— 6.7

Department Store Sales

Percentage of net sales (selling price) during April, 1922, over net sales (selling price) during same month last year.....	Cleveland	Pittsburgh	Cincinnati	Toledo	Other Cities	District
	2.5	— 3.3	— 3.5	4.8	1.5	— 0.7
Percentage of net sales (selling price) from January 1, 1922, to April 30, 1922, over net sales (selling price) during same period last year.....	—10.3	—19.6	— 8.7	— 8.1	—11.8	—13.9
Percentage of stocks at close of April, 1922, over stocks at close of same month last year.....	9.0	— 4.4	12.0	— 0.4	2.4	2.5
Percentage of stocks at close of April, 1922, over stocks at close of March, 1922.....	0.5	2.1	1.3	0.6	1.3	1.3
Percentage of average stocks at close of each month this season (commencing with January 1, 1922) to average monthly net sales during the same period.....	378.3	397.8	540.5	484.1	494.5	426.9
Percentage of all outstanding orders (cost) at close of April, 1922, to total purchases (cost) during the calendar year, 1921.....	5.8	5.0	8.3	4.2	11.0	5.8

Building Operations For Month of April, 1922-1921

	Permits Issued				Valuations				Increase or Amount	Decrease Per Cent
	New Construction 1922	1921	Alterations 1922	1921	New Construction 1922	1921	Alterations 1922	1921		
Akron.....	238	259	65	105	\$ 216,631	\$ 794,586	\$ 39,000	\$ 126,645	—\$ 665,600	—72.3
Canton.....	162	176	91	122	252,695	475,047	61,197	72,223	— 233,378	—42.6
Cincinnati....	499	365	307	1,014	2,033,805	680,285	257,335	516,070	1,094,785	91.5
Cleveland*....	780	564	1,147	1,256	5,332,709	8,827,714	538,690	570,743	—3,527,058	—37.5
Columbus.....	467	430	166	226	2,003,675	892,990	116,825	129,925	1,097,585	107.3
Dayton.....	281	216	120	131	779,622	352,254	63,668	61,574	429,462	103.8
Erie.....	180	132	88	126	245,941	455,935	149,473	104,905	— 165,426	—29.5
Lexington.....	50	7	96	96	210,596	125,000	50,000	71,240	64,356	32.8
Pittsburgh....	516	419	145	177	1,966,049	1,250,019	161,461	353,363	524,128	32.7
Springfield....	95	112	32	47	224,750	278,548	5,315	21,555	— 70,038	—23.3
Toledo.....	313	284	276	313	358,760	392,333	178,120	242,195	— 97,648	—15.4
Youngstown...	145	164	41	45	341,455	370,435	41,025	22,875	— 10,830	— 2.8
Total.....	3,726	3,128	2,574	3,658	\$13,966,688	\$14,895,146	\$1,662,109	\$2,293,313	—\$1,559,662	—9.1

* Figures include East Cleveland, Lakewood, Cleveland Heights, and Shaker Heights

Movement of Livestock at Principal Centers in Fourth Federal Reserve District For Month of April, 1922-1921

	Cattle		Hogs		Sheep		Calves		Cars Unloaded	
	1922	1921	1922	1921	1922	1921	1922	1921	1922	1921
Cincinnati.....	16,251	20,597	112,112	111,468	9,285	5,455	17,136	17,316	1,601	1,866
Cleveland.....	8,548	8,557	90,583	71,913	21,096	25,472	14,227	14,188	1,563	1,406
Columbus.....	219	41	3,666	5,303	330	29	219	232	5	15
Dayton.....	1,643	1,788	11,364	11,056	253	144	903	992	.....	.....
Fostoria.....	173	200	8,807	8,800	112	1,151	602	757	15	12
Pittsburgh.....	30,625	29,368	175,147	160,347	92,490	99,673	21,504	22,609	3,486	3,522
Springfield.....	198	215	4,183	4,158	531	563	341	274	.....	.....
Toledo.....	1,119	802	10,289	11,807	507	1,478	1,117	1,178	140	155
Wheeling.....	304	400	1,714	1,612	276	131	1,923	2,152	20	19
Purchases for Local Slaughter										
Cincinnati.....	14,318	17,027	57,902	65,614	7,213	4,134	9,383	10,834	.....	.....
Cleveland.....	7,981	7,496	64,692	49,797	13,098	18,495	13,307	13,796	.....	.....
Columbus.....	134	2	576	1,449	120	14	77	202	.....	.....
Dayton.....	.....	1,697	.....	6,866	.....	89	.....	755	.....	.....
Fostoria.....	31	45	1,227	560	10	25	46	75	.....	.....
Pittsburgh.....	4,845	5,938	34,401	35,067	8,965	11,783	8,013	9,303	.....	.....
Springfield.....	106	.....	764	1,000	17	.....	34	.....	.....	.....

FOURTH FEDERAL RESERVE DISTRICT

